



[6450-01-P]

DEPARTMENT OF ENERGY

Western Area Power Administration

Final Allocation of Olmsted Powerplant Replacement Project

AGENCY: Western Area Power Administration, DOE.

ACTION: Notice of final allocation of Olmsted Powerplant Replacement Project.

SUMMARY: Western Area Power Administration (WAPA) Colorado River Storage Project (CRSP) Management Center, a Federal power marketing administration within the Department of Energy, announces its Olmsted Powerplant Replacement Project (Olmsted) Final Allocation of Energy. The Final 2018 Olmsted Power Marketing Plan and Call for Applications was published on October 11, 2017, and set forth that an application for an allocation of energy from Olmsted was due by December 11, 2017. WAPA reviewed and considered the applications received and published the Proposed Allocations in the *Federal Register* on June 13, 2018. There was a 30-day comment period for the proposed allocations. WAPA has considered the comments received, and this *Federal Register* notice establishes the final allocations.

DATES: The final allocations will be effective on [INSERT DATE 30 DAYS AFTER DATE OF PUBLICATION IN *THE FEDERAL REGISTER*].

ADDRESSES: Information regarding the Final Allocation of Olmsted Power Replacement Project, including comments, letters, and other supporting documents, is available for public inspection and copying at the CRSP Management Center, Western Area Power Administration, 299 South Main Street, Suite 200, Salt Lake City, Utah. Public comments and related information may be accessed at

<https://www.wapa.gov/regions/CRSP/PowerMarketing/Pages/Proposed-Allocations.aspx>.

FOR FURTHER INFORMATION CONTACT: Mr. Brent Osiek, Vice President of Power Marketing for CRSP, (801) 524-5495; or Mr. Lyle Johnson, Public Utilities Specialist, (801) 524-5585. Written requests for information should be sent to Western Area Power Administration, CRSP Management Center, 299 South Main Street, Suite 200, Salt Lake City, UT 84111; faxed to (801) 524-5017; or e-mailed to: osiek@wapa.gov.

SUPPLEMENTARY INFORMATION:

The United States acquired the Olmsted Powerplant in 1990 through condemnation proceedings in order to secure the water rights associated with the Olmsted Powerplant deemed essential to the Central Utah Project (CUP). The CUP is a participating project of the Colorado River Storage Project. As part of the condemnation proceedings, PacifiCorp continued Olmsted operations until 2015; after that time, the operation of the facility became the responsibility of the Department of the Interior.

The existing Olmsted Powerplant greatly exceeded its operational life, and a replacement facility was needed for the generation of power and the preservation of associated non-consumptive water rights. On February 4, 2015, the Implementation Agreement (Agreement) for Olmsted was signed by Central Utah Water Conservancy District (District); the Department of the Interior, Bureau of Reclamation; and WAPA (Participants). The Agreement sets forth the responsibilities of the Participants and identifies funding of Olmsted. The District will construct, operate, maintain, and replace the Olmsted Powerplant and incidental facilities in connection with CUP operations including power generation.

WAPA is responsible for marketing the Olmsted energy, which is anticipated to be available in the late summer or early fall of 2018. Power production will be incidental to the delivery of water and will only be available when water is present. Therefore, only energy, without

capacity, will be available for marketing. It is expected that the annual energy production from Olmsted will average around 27,000,000 kilowatthours per year. The Final 2018 Olmsted Power Marketing Plan and Call for Applications was published in the *Federal Register* on October 11, 2017 (82 FR 47201), and set forth that an application for an allocation of energy from Olmsted was due by December 11, 2017. After review of the applications, the Proposed Allocation of Olmsted Powerplant Replacement Project was published in the *Federal Register* on June 13, 2018 (83 FR 27599). The 30-day comment period closed on July 13, 2018. After considering the comments received, WAPA is now publishing the Final Allocations.

Response to Comments on Olmsted Final Allocation of Energy

WAPA received numerous comments about its Olmsted final allocation of energy during the comment period. WAPA reviewed and considered all comments received, and this section summarizes and responds to those comments. For brevity, when it was possible to do so without affecting the meaning of the statements, the public comments below were paraphrased.

Comment: Several commenters supported the proposed allocation of Olmsted energy.

Response: WAPA acknowledges the comments in support of the proposed allocations.

Comment: Several commenters suggested specific changes that should occur in the next marketing plan.

Response: Issues concerning future marketing plan criteria or suggested changes to the geographic marketing areas are more appropriately addressed during the public process for future marketing plans for the Olmsted Powerplant and are beyond the scope of the proposed allocation comment process. Commenters will have the opportunity to express their suggestions during the public process for future Olmsted marketing plans.

Comment: One commenter requested an additional allocation of Olmsted energy, citing their

future electrical resource needs and the limited amounts of Federal power they currently receive.

Response: WAPA does not have the authority to develop resources to meet customers' future electrical resource needs and load growth. WAPA is limited to marketing only the resources authorized by Congress as part of Federal water development projects.

Comment: One commenter asked how the allocations were developed, especially for the entities with small percentages of load served by Federal power.

Response: The percentage of applicants' load served by Federal power was determined by comparing current loads, as submitted in the Applicant Profile Data, to that applicant's current allocation(s) of Federal power. Pursuant to the Final Power Marketing Criteria, allocations of energy from Olmsted were made based on a percentage of annual generation rather than fixed quantities of energy. WAPA received applications from four entities representing a total of 14 eligible applicants. Due to its role in the construction, operation, maintenance, and replacement of Olmsted, WAPA awarded the District 30 percent of the annual generation at Olmsted. As explained more thoroughly below, WAPA also awarded Utah Municipal Power Agency (UMPA) with 30 percent, largely based on UMPA's facilitating exchange and interchange accounting services. WAPA determined it would use the remaining energy to increase allocations to those applicants with the least amount of existing Federal allocations. Four of the applicants receive less than 10 percent of their energy resources from Federal power while all other applicants receive more than 20 percent. Therefore, WAPA evenly divided the remaining 40 percent of the annual generation at Olmsted among those four applicants.

Comment: One commenter asked how the costs and fees associated with interconnecting with Provo, Utah, compare to interconnecting with PacifiCorp.

Response: The cost of interconnecting to the Provo system was estimated to be much less than

connecting to the facilities of PacifiCorp. WAPA requested multiple interconnection studies from PacifiCorp to determine potential costs and infrastructure requirements. PacifiCorp's costs for interconnecting at its congested Hale Substation were significantly higher than interconnecting with Provo at the same voltage and at essentially the same location; the overall savings was about \$1.4 million. Additionally, interconnecting with Provo allowed further reduction in costs to customers by allowing WAPA to enter into a Scheduling and Interchange Agreement with the UMPA, which serves as a scheduling and resource agent for Provo. This allowed Olmsted energy to be delivered to customers under current transmission arrangements rather than requesting new agreements with PacifiCorp.

Comment: One commenter asked about the scheduling and displacement agreement that was developed with UMPA and inquired if a similar agreement was pursued with any other entities.

Response: Only Provo and PacifiCorp have facilities in the vicinity of the Olmsted Powerplant to directly receive the power to facilitate a scheduling and displacement agreement.

Interconnecting to any other entities would require construction of extensive transmission facilities in an urban area and would have been cost prohibitive.

Comment: One commenter asked if UMPA received any type of priority in receiving an allocation and why UMPA received a 30 percent allocation since it already has a relatively large Federal allocation of hydropower.

Response: UMPA did not receive priority over the other applicants. UMPA was awarded 30 percent in consideration for providing scheduling and interchange services.

Comment: One commenter asked why UMPA received an allocation, rather than its individual member cities, since some members of UMPA are outside of the marketing area.

Response: UMPA applied for an allocation of power on behalf of its specific members located

in the marketing area.

Comment: One commenter asked why UMPA received an allocation rather than payment for scheduling and interchange services.

Response: The 30 percent allocation is in consideration of the overall savings that the arrangement with UMPA provides to all recipients of Olmsted energy as well as facilitating exchange and interchange accounting services. Without its current arrangement with UMPA, WAPA would need to enter into a separate transmission agreement with PacifiCorp to deliver the energy, which would likely result in cost-prohibitive transmission and ancillary expenses. Based on the published firm transmission rates of PacifiCorp, WAPA would need to pay approximately \$208,000 under PacifiCorp's Open Access Transmission Tariff firm rate schedules, not including ancillary service charges. A yearly charge for scheduling services would be, based on WAPA's experience, around \$25,000/year. Assuming an average year and a cost of \$30 per megawatthour, the services WAPA receives from UMPA would be worth approximately \$243,000/year for Olmsted power. Therefore, WAPA believes that an allocation to UMPA of 30 percent approximates the value of the displacement and exchange agreement.

Comment: One commenter stated that its Salt Lake City Area Integrated Projects (SLCA/IP) contract rate of delivery (CROD) is in conflict with the Olmsted historical generation profile and asked how its SLCA/IP allocation will be handled and if an energy interchange account will be required.

Response: WAPA is aware that the customer has an SLCA/IP capacity allocation, or CROD, during the summer season and not during the winter season. Olmsted is an energy-only product and will be delivered under the customer's SLCA/IP CROD. The Olmsted Powerplant will generate energy in both the summer and winter seasons. WAPA will work with the customer

and its scheduling agent to develop procedures that ensure that the customer will receive all of its allocated Olmsted energy.

Olmsted Final Allocation of Energy

Pursuant to the Final Power Marketing Criteria, allocations of energy from Olmsted were made based on a percentage of annual generation rather than fixed quantities of energy. Olmsted is a “take all, pay all” project; the annual revenue requirement does not depend on the amount of energy available each year. Customers with an allocation will receive a share of the energy and will annually pay a proportional share of the operation, maintenance, and replacement expenses in 12 monthly installments.

Applications were received from four entities representing a total of 14 eligible applicants. In considering the Power Marketing Criteria, priority was given to the District due to its role in the construction, operation, maintenance, and replacement of Olmsted. The District will receive 30 percent of Olmsted’s annual generation.

Olmsted will be electrically interconnected to Provo’s distribution and transmission facilities. Provo is a participant of UMPA, a joint-action agency responsible for supplying the wholesale power needs to Provo and other municipal electric utilities in the area. UMPA, a long-term power customer of WAPA, has agreed to accept all Olmsted energy as it is generated and, under a scheduling and displacement agreement with WAPA, provide Olmsted customers with their respective Olmsted allocation amounts from a portion of UMPA’s allocation of SLCA/IP resources, which is also marketed by WAPA. This arrangement will allow the Olmsted recipients more flexibility since it will be easier to schedule this SLCA/IP resource, which is essentially exchanged for Olmsted generation and it allows the use of existing scheduling and transmission wheeling arrangements. In consideration for providing these arrangements and the

overall savings it is anticipated to generate, UMPA will receive a 30 percent allocation of Olmsted generation.

After consideration of the allocations to the District and UMPA, WAPA determined it would use the remaining Olmsted energy to increase the allocations of those applicants that have the lowest percentages of their current loads served by Federal power. Four of the applicants receive less than 10 percent of their energy resources from Federal power. All of the other applicants currently receive over 20 percent of their energy requirements from Federal allocations. Therefore, WAPA awarded 10 percent of the Olmsted generation to the four applicants receiving less than 10 percent of their energy from Federal sources. The following table shows the final allocation percentages of the annual energy production of Olmsted:

Applicant	Percentage
Central Utah Water Conservancy District	30
Utah Municipal Power Agency	30
Lehi City, Utah	10
Kaysville City, Utah	10
Weber Basin Water Conservancy District	10
Springville City, Utah	10

With the exception of UMPA, all of the recipients receive scheduling and delivery services for their allocations of Federal power from Utah Associated Municipal Power Systems (UAMPS) under SLCA/IP Contract No. 87-SLC-0037. Since Olmsted energy will be delivered by means of transmission and scheduling arrangements existing for Contract No. 87-SLC-0037 with UAMPS, the allocations to these recipients may be handled in a similar manner. WAPA plans to enter into contracts with customers after publication of this *Federal Register* notice.

Availability of Information

Documents developed or retained by WAPA during this public process will be available, by appointment, for inspection and copying at the CRSP Management Center, 299 South Main Street, Suite 200, Salt Lake City, Utah. The comments received during the 30-day comment period have been posted to WAPA's Web site at the following address:

<https://www.wapa.gov/regions/CRSP/PowerMarketing/Pages/power-marketing.aspx>.

PROCEDURAL REQUIREMENTS

Environmental Compliance

In compliance with the National Environmental Policy Act (NEPA) of 1969 (42 U.S.C. 4321-4347), the Council on Environmental Quality Regulations (40 CFR parts 1500-1508), and DOE NEPA Regulations (10 CFR part 1021), WAPA issued a Finding of No Significant Impact (FONSI) on January 13, 2017. The FONSI and other NEPA compliance documentation may be found at <https://www.wapa.gov/regions/CRSP/environment/Pages/environment.aspx>.

Regulatory Flexibility Analysis

The Regulatory Flexibility Act of 1980 (RFA), 5 U.S.C. 601, et seq., requires a Federal agency to perform a regulatory flexibility analysis whenever the agency is required by law to publish a general notice of proposed rulemaking for any proposed rule unless the agency can certify that the rule will not have a significant economic impact on a substantial number of small entities. In defining the term "rule," the RFA specifies that a "rule" does not include "a rule of particular applicability relating to rates [and] services . . . or to valuations, costs or accounting, or practices relating to such rates [and] services" 5 U.S.C. 601. WAPA has determined that this action relates to rates or services offered by WAPA and, therefore, is not a rule within the purview of the RFA.

Determination Under Executive Order 12866

WAPA has an exemption from centralized regulatory review under Executive Order 12866; accordingly, no clearance of this *Federal Register* notice by the Office of Management and Budget is required.

Dated: August 24, 2018.

Mark A. Gabriel,

Administrator.

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